

## Minutes of the meeting held on November 1, 2018

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, James Quirk and Chris Burns.

The meeting was called to order at 10:06 AM. The meeting was digitally recorded.

### Agenda Item #1 – Core Fixed Income Approval

Rafik Ghazarian appeared from Segal Marco. The Board reviewed a fee schedule. Ghazarian reminded the Board of the decision to split the Core Fixed Income mandate between three managers, Fidelity, IRM and Garcia Hamilton. The decision on precisely how much to allocate to each manager was deferred. Ghazarian stated that Segal would not charge any additional fee for monitoring one new manager. Currently, Fidelity manages \$73.9 million and IRM manages \$58.2 million. Splitting the mandate evenly between the three managers would leave each with about \$43.3 million. Ghazarian also prepared an analysis showing the fees if Fidelity and IRM were each given \$50 million, with \$32 million to Garcia Hamilton. Garcia Hamilton has the highest fees of the three, but the second split resulted in minimal savings. Garcia Hamilton also has higher returns over the last ten years. Gardner moved to split the mandate evenly, noting that this would make it easier to compare performance going forward. Chamblin-Foster seconded the motion and it was voted unanimously.

Ghazarian noted that October saw significant losses in the equity markets. He said that US Equity market gains over the first half of 2018 were almost entirely driven by the FAANG stocks. Returns for the other 495 companies in the S&P 500 were negative. He stated he would present more information at the next quarterly review. He observed that there did seem to be a shift underway as pension funds reconsider their fixed income allocation in light of the recent losses in equity funds. Gardner stated that he felt the Board may have erred during the recent actuarial valuation, and that it might have been better not to recognize investment gains, so as to be able to offset future losses.

The Chairman asked Ghazarian to provide an update at the next investment review as to how the recent hurricane season had impacted timber and farmland holdings.

Ghazarian stated that he would be ready to present findings of an asset allocation study in December.

### Agenda Item #2 – Minutes

Motion by Gardner, seconded by Shinkwin to accept the minutes of the investment manager interviews held on September 24, 2018. The motion carried on a 4-0 vote with Chamblin-Foster abstaining.

Motion by Shinkwin, seconded by Monagle to accept the regular minutes of the meeting held on October 4, 2018. The motion carried on a 4-0 vote with Gardner abstaining.

Motion by Shinkwin, seconded by Monagle to accept the executive session minutes of the meeting held on October 4, 2018. The motion carried on a 4-0 vote with Gardner abstaining.

### Agenda Item #3 - Warrants

Motion by Shinkwin, seconded by Monagle to accept payment of warrant #20 in the amount of \$7,263,711.04 and to accept payment of warrant #21 in the amount of \$408,829.71. Voted unanimously.

### Agenda Item #4 – Superannuations

Motion by Monagle, seconded by Chamblin-Foster to accept the Superannuation retirement applications submitted by Lillian Gallagher, Senior Accountant, Payroll/Finance Dept. with thirty-three years, seven months; Alice Kaminsky, Ultrasound Technician, Cambridge Health Alliance with sixteen years, one month; Timothy MacDonald, Director of Operations, Water

Dept. with thirty-six years, five months; Laila Methratta, Administrative Coordinator II, Cambridge Health Alliance with thirty-two years, one month; Jay Toppan, Administrative Assistant, Cambridge Health Alliance with twenty-seven years, eight months. Voted unanimously.

#### Agenda Item #5 - Make-ups/Redeposits/Liability

The Board reviewed make-up and redeposit worksheets for nine members.

The Director stated that the make-up for John Silva is for purposes of pay only, during a period that he worked full-time but no retirement deductions were withheld from his stipend for coaching.

Motion by Chamblin-Foster, seconded by Shinkwin to allow the make-up of contributions requested by Daniel G. Adorn, two months; Victoria A. Harris, one year, one month; Gary L. Littles, two months; John Silva, no additional service; Desmun D. Velez, three years, three months; Lorraine S. Vendetti, one year, three months; Marlees R. West, one year, three months; and to allow the redeposit of a refund requested by Erica D. Schwarz, one year, nine months. Voted unanimously.

#### Agenda Item #6 – Refund Applications

The Board reviewed a list of refund applications submitted in October.

Motion by Gardner, seconded by Shinkwin to accept five refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting would reconvene in open session at the conclusion of the executive session. On a roll call, the vote was as follows:

Michael Gardner:	YES
Nadia Chamblin-Foster:	YES
John Shinkwin:	YES
James Monagle:	YES
Francis Murphy:	YES

#### Agenda Item #7 – Accidental Disability Benefit – Paul Neal

The Board reviewed the certificates and narrative report of a joint medical panel, the member's application, treating physician's statement and employer's statement pertaining to Paul Neal's Accidental Disability application.

Motion by Gardner, seconded by Monagle to request clarification from the medical panel. On a roll call, it was voted unanimously.

#### Agenda Item #8 – Accidental Disability Benefit – Robert Rossi

The Board reviewed the certificates and narrative report of a joint medical panel, the member's application, treating physician's statement and employer's statement pertaining to Robert Rossi's Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the findings of the medical panel and grant Accidental Disability benefits to Robert Rossi, a Deputy Fire Chief. On a roll call, it was voted unanimously.

#### Agenda Item #9 - PERAC Memos

The Board reviewed PERAC Memos 30 and 31.

The Director stated that the Board has submitted the required appropriation data.

#### Agenda Item #10 - Old Business

Not needed.

#### Agenda Item #11 - New Business

The Director reviewed the history of Patricia Lewis' membership in the Cambridge Retirement System. She currently works as a Registered Nurse at Cambridge Health Alliance. She was a member of the system from 1983-1986 and again from 1990-1999. She took refunds both times upon leaving her job. Due to this prior service, she should have been eligible to become a member of the retirement system when she was hired again in 2011. CHA instead put her on their private payroll. The error was discovered in 2015. She has already completed a redeposit of her refunds from the 80's and 90's. She is now requesting the right to buyback service from 2011-2015. Quirk prepared a written opinion, stating that he believes she has the right to buy this service. Monagle noted that Lewis had approached a number of City Councilors about this matter, and he was pleased that it could be resolved without special legislation. He thanked the Director and Attorney Quirk for their work. Quirk stated that the member would be required to pay interest on the buyback, as recent court decisions have required that Board charge interest on buybacks under all circumstances. Motion by Gardner, seconded by Lewis to authorize the buyback for Patricia Lewis. Voted unanimously.

The Board agreed to move the start time for the December 10<sup>th</sup> investment review meeting to 10:30 AM.

#### Agenda Item #12 - Executive Session

Agenda Item #7 – requested clarification

Agenda Item #8 – adopted

#### Agenda Item #13 - Chairman's Report

The Chairman reported a settlement hearing will be held regarding the Starz litigation on December 10<sup>th</sup>.

#### Agenda Item #14 – Executive Director's Report

The Director reported that she had an exit audit interview. The preliminary report includes three findings. The first is a payroll issue with Cambridge Housing Authority. A new payroll firm had made a number of improper changes. The staff worked to identify the issues and correct them. The second finding relates to the system allowing members to name more than one person as an Option D beneficiary. The issue is currently being considered by DALA. The third finding relates to the requirement that Board members attend at least 75% of meetings each year. The final report may not be ready until January.

The Board agreed to hold a New Year's party following the January meeting.

The following documents were also reviewed by the Board:

- List of Retiree Deaths
- Agenda for Investment Manager Reviews on December 10, 2018
- PERAC Approval of Funding Schedule
- BLB&G Portfolio Watch – 3<sup>rd</sup> Quarter 2018
- BLB&G Forum 2019
- Lazard Portfolio Review – September 2018

Monagle moved to adjourn at 11:15 AM.